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LNG imports face prospects of disruption

WASIM IQBAL

ISLAMABAD: Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi Monday said the import of liquefied natural gas (LNG) from Qatar may be stopped in case of international sanctions and force majeure.

In a press briefing, Abbasi said that Pakistan State Oil (PSO) has commercial contract with Qatar Gas and LNG supply can be stopped in case of international sanctions and force majeure. However, he argued that the ongoing tussle in Gulf would not affect LNG imports from Qatar.

Responding to a question, the minister said that PSO is importing 600 million cubic feet per day (MMCFD) LNG which is being supplied to industry, captive power plants, independent power producers (IPPs) and CNG sector. He maintained that Pakistan was importing one million tons of fertilizer which reduced to 0.6 million tons of fertilizer this year due to supply of LNG to fertilizer industry.

Comparing the import volume of LNG to other countries, he said that Pakistan is importing 2.7 million tons of LNG, whereas neighbouring countries like India is importing 9 million tons while South Korea, Japan and China are importing 60 million tons of LNG from Qatar.

He said that Pakistan is negotiating government-to-government LNG import deals with different countries including China, Turkey, Russia, Malaysia and Oman. Besides, he said the government is now focusing on private investors which are interested to set up LNG terminals in Pakistan. He said the gas allocation policy is not applicable on LNG imports as it is open and any company or province can import it.

He announced that the nation will receive good news about expected terminal deals in the next few days.

Talking about the prices of gas, the minister said that government has no plan to increase gas prices from July 1, 2017, despite, Oil and Gas Regulatory Authority (Ogra) recommends an increase in gas prices. He further said that the government has planned gas supply in coming winter season and despite increase in the number of gas connections, the situation will be normal in coming winter season.

Responding to a question about Iran-Pakistan (IP) gas pipeline project, he said that Pakistan had conveyed to Iran that it could not implement gas pipeline project due to transaction dollar issue. He said that there was another issue of snap back clause and international financial institutions would not be ready to finance this project because of it. Under this clause, other sanctions which had been lifted against Tehran will be restored if Iran violates, he explained.

Dispelling the impression that the federal government is not implementing Article 158 under 18th Amendment, he contended that the federal government is distributing gas in line with the spirit of 18th Amendment and he himself offered for a debate in this regard.

The minister maintained that gas on system of SNGPL is providing gas to the consumers of Punjab and Khyber Pakhtunkhwa (KPK) and gas supply on the system of SNGPL has dropped by 35 per cent from 1665 MMCFD to 1120 MMCFD since 2010 after implementation of the 18th Amendment.

However, he said the SSGC is providing gas to the consumers of two major gas producing provinces- Sindh and Balochistan – and gas supply on this network had increased by 3 percent from 1174 MMCFD to 2017 MMCFD since 2010, despite depletion in gas reserves.

He said that two million gas connection applications were pending with SNPGL when the present government came into power. He said the government had formulated

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merit based policy and those applying first are getting connections. He said that 1.5 million gas applications are pending now with the SNPGL. He said that at present the government has lifted ban on commercial gas connections.

He said that gas utility is still facing a Rs 6 billion to Rs 8 billion gas theft in KPK province but local administration has not cooperated to tackle this issue.

Talking about the latest oil and gas exploration activities in the country, he said that the oil and gas producing companies have discovered five oil and gas reserves during the last few weeks in Sindh, effecting an addition of 70 MMCFD gas and 600 barrels per day oil.

He further said that oil and gas producing companies - Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL), Mari Petroleum and OMV (Pakistan) - have made five oil and gas discoveries in Sindh province and 70 MMCFD gas would be added to the system of the SSGC to provide gas to gas producing province Sindh.

He said that oil and gas companies made 98 discoveries during the regime of present government to add 944 MMCFD of gas to the national system. However, he said that same volume of gas has depleted from the existing gas fields.

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PSX suffers record 1,855-point fall

RECORDER REPORT

KARACHI: Pakistan Stock Exchange Monday witnessed worst-ever pressure that triggered panic selling following prevailing political situation after the JIT summoned the Prime Minister in Panamagate case.

The market opened on a negative note and the index hit 47,538.17 points intra-day low. Buying in select stocks supported the index to recover some losses however the index closed at 47,671.80 points, with worst-ever single-day decline of 1855.12 points.

Selling was seen mainly by local investors however foreigners remained net buyers of shares worth $4 million.

Daily trading volumes increased to 219.367 million shares as compared to 208.573 million shares traded Friday. The market capitalization decreased by Rs 321 billion to Rs 9.538 trillion. Out of total 386 active scrips, 349 closed in negative, only 26 in positive while the value of 11 stocks remained unchanged.

Power Cement (R) was the volume leader with 26.345 million shares. However, it lost Rs 0.47 to close at Rs 0.73 followed by Bank of Punjab (R) that closed at Rs 0.67, down Rs 0.24 with 15.946 million shares. WorldCall Telecom decreased by Rs 0.13 to close at Rs 3.38 with 13.820 million shares.

Pak Tobacco and Tandlianwala Sugar were the top gainers with Rs 49.10 and Rs 8.00, respectively to close at Rs 1,585.00 and Rs 179.00. Sanofi-Aventis and Philip Morris Pak were the top losers with Rs 100.00 each to close at Rs 1,900.00 and Rs 2,600.00.

Arhum Ghous at JS Global Capital said the bloodbath activity was witnessed across-the-board on account of ongoing political noise. A great number of stocks hit their respective lower locks due to which KSE-100 index shed 1,855 points to close at 47,672. Major contributors to the KSE-100 index were ENGRO (down 4.97 percent), OGDC (down 5.00 percent), HBL (down 3.27 percent), HUBC (down 4.24 percent) and LUCK (down 3.76 percent), cumulatively contributing minus 482 points to the index. OGDC, POL (down 4.94 percent) and PPL (down 4.08 percent) in the E&P sector lost value to close in the red trajectory as well. Heavyweights of commercial banking sector, including UBL (down 3.27 percent), HBL and MCB (down 3.16 percent), cumulatively contributed minus 240 points to the index.

Ahsan Mehanti at Arif Habib Corporation said that panic selling was witnessed at PSX after the JIT issued summons to PM to appear before it on June 15, 2017 under Panamagate case. He said falling global crude prices, uncertainty in global equities and concerns for higher tax levies in the federal budget played a catalyst role in record fall.

An analyst at Topline Securities said that so far the month of June isn't turning out as market participants had envisioned a couple of weeks ago. No pundit or guru could have forecast that the index would post two of the largest single-day point declines on record, that too within the same month.

On Monday, activity (in down 3.75 percent) was likely due to panic selling from retail participants as JIT summoned the PM, while support in the form of institutional activity was thin, as they likely adopt a wait and see strategy. Within the sectors, Banks shed 373 points, E&P's 259 points, Fertilizer 253 points, Cement 243 points, OMC's 151 points and Power 122 points.

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THE RUPEE
No major change

RECORDER REPORT

KARACHI: The rupee managed to hold last levels against the dollar on the money market on Monday, dealers said.

INTER-BANK MARKET RATES: The rupee moved with little changes in terms of the greenback for buying and selling at Rs 104.86 and Rs 104.87 respectively, they said.

In the first Asian trade, Sterling steadied on Monday as British Prime Minister Theresa May scrambled to pick up the pieces and reunite her Conservative Party after a disastrous election that could disrupt Brexit negotiations.

Sterling last traded at $1.2756, edging up 0.1 percent on the day, after sliding 1.7 percent on Friday, its biggest one-day drop in around eight months.

The dollar was trading against the Indian rupee at Rs 64.320 and the US currency was at 6.797 versus the Chinese yuan.

OPEN MARKET RATES: The rupee did not move any side in relation to the dollar for buying and selling at Rs 105.90 and Rs 106.10 respectively, they said. The rupee lost 30 paisas versus the euro for buying and selling at Rs 118.60 and Rs 119.60 respectively, they added.

Open Bid	Rs. 105.90
Open Offer	Rs. 106.10

Interbank Closing Rates: Interbank Closing Rates for Dollar on Monday.

Bid Rate	Rs. 104.86
Offer Rate	Rs. 104.87

RUPEE IN LAHORE: The Pak rupee appreciated against the US dollar in the local currency market on Monday.

The dollar commenced trading on a negative note following lack of buyers' interest in the market. Consequently, it slid to Rs 105.90 and Rs 106.20 on buying and selling sides, respectively, as compared to Saturday's closing trend of Rs 106.00 and Rs 106.25 respectively, said the local currency dealers.

On the contrary, the local currency failed to sustain as it registered reduction versus the pound sterling. The pound's buying and selling rates went up from last closing trend of Rs 134.60 and Rs 135.60 to Rs 134.90 and Rs 135.80 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The dollar gained strength against the rupee at the open currency markets of Islamabad and Rawalpindi here on Monday.

The dollar opened at Rs 105.95 (buying) and Rs 106.10 (selling) against last rate of Rs 105.90 (buying) and Rs 106 (selling). It closed at Rs 105.95 (buying) and Rs 106.10 (selling).

Buying and selling rates of British Pound is Rs 136.50 (buying) and Rs 138.50 (selling).

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Trade deficit rises to $29.998bn

ZAHEER ABBASI

ISLAMABAD: Pakistan's trade deficit has risen to $ 29.998 billion during July-May period of the current fiscal year (2016-17), according to Pakistan Bureau of Statistics (PBS).

The trade deficit is 42.12 per cent higher in the current fiscal year as compared to $ 21.107 billion for the same period a year before with analysts say that this would have serious ramifications on balance of payment position of the country.

Provisional trade data released by the PBS on Monday showed a decline of 3.13 per cent in exports during July-May 2017 while 20.60 percent increase in imports. Exports have declined to $ 18.541 billion from $ 19.140 billion for the same period of last fiscal year while imports have increased to $ 48.539 billion in the current fiscal year from $40.247 billion for the same period of the last fiscal year.

A trade deficit of $ 3.465 billion was recorded during May 2017, which was higher by 60.79 per cent from $ 2.155 billion for the same month a year before. Trade deficit was caused by rising imports and shrinking exports. Exports declined by 10.95 per cent during the period under review and imports increased by 27.88 per cent.

Imports increased to $ 5.092 billion in May 2017, which are higher by 27.88 per cent from $ 3.982 billion for the same month of the last fiscal year and exports dipped to $ 1.627 billion from $ 1.827 billion for the same month a year before.

Trade deficit in May 2017 was $ 3.465 billion over previous month of April 2017, which is higher by 8.52 per cent over previous month.

According to PBS, exports declined by 9.88 per cent in May 2017 over the previous month while imports have increased by 1.88 per cent. The country's import stood at $ 5.092 billion in May 2017 and exports at $1.627 billion while for the same period of last fiscal year exports were $ 1.805 billion and imports were $ 4.998 billion leading to a trade deficit of $3.193 billion.

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Prior to June 30, 2017

SROs, notifications issued by FBR to be validated

SOHAIL SARFRAZ

ISLAMABAD: The federal government has decided to validate all Statutory Regulatory Orders (SROs), notifications and orders issued by the Federal Board of Revenue (FBR) prior to June 30, 2017 from the federal cabinet.

Sources told Business Recorder here on Monday that the next meeting of the federal cabinet may take up the issue of validation of all SROs and notifications issued before June 2017. These notifications pertaining to the changes in taxes rates and other procedural/legal amendments were issued by the FBR with the approval of Finance Minister Ishaq Dar in the past.

The federal cabinet will also validate SROs issued during the tenure of 2010 to June 2017 which were issued by the federal government through finance minister. In this regard, the list of the SROs issued by the FBR during this period would be tabled before the federal cabinet for approval, they added.

The sources said that the process of providing exemption and tax concessions in the Second Schedule of the Income Tax Ordinance, 2001 is subject to the prescribed procedure. In the present circumstances such process requires the approval of the federal government, which as held by the Supreme Court of Pakistan can only be the prime minister and his cabinet. Now, the process of exemptions and tax concessions can be initiated by the Federal Board of Revenue with the approval of the minister in-charge subject to approval of Economic Coordination Committee.

Consequently any notification issued from July 1, 2016 onwards is validated up to June 30, 2018 through the proposed amendment in Finance Bill 2017. Similar amendments have also been made in customs act, sales tax act and federal excise act, they added.

During review of Finance Bill 2017, the Senate has also recommended to the National Assembly that all the notifications and orders issued and notified in exercise of the powers conferred upon the federal government before the commencement of the Finance Act 2017, should be validated in the forthcoming meeting of the Cabinet.

The members of the Senate Standing Committee also recommended for tabling all such SROs before the federal cabinet for approval in the light of judgment given by the Supreme Court of Pakistan.

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Govt urged to address challenges hurting exports

RECORDER REPORT

FAISALABAD: The Government has not addressed the challenges hurting the exports as no effective measures are proposed in budget 2017-18 for industrial progress, increase in exports, reduction in cost of production and enhancing the competitive edge of Pakistani goods in international market.

Reacting to the budget measures, Chairman Pakistan Textile Exporters Association Ajmal Farooq, in a statement here on Monday, pointed out the glaring shortcomings of federal budget 2017-18. He expressed disappointment over not allocating sufficient funds for the incentives announced under Prime Minister's Export Led Growth Package. Under this package, the government has to pay Rs 10 billion per month whereas only Rs 2 billion has been released so far during the last five months, he added. Already, the government has not cleared the outstanding export refunds in spite of its several commitments and textile exporters are still deprived of its working capital. He said that activation of idle capacities in the value-added textile sector has also been ignored and no funds are allocated for revival of sick units which could help in fetching extra USD 1 billion in foreign exchange and create additional thousands of new jobs. In order to enhance competitive edge in international market, textile industry had demanded energy supply to export sectors at competitive rates of Rs. 400/MMBTU for gas, and Rs 7/unit for electricity but no heed was paid towards this major issue.

The PTEA chairman was of the view that foremost objective of the budget is to give the direction and fillip to manufacturing, business and trade of the country enabling these sectors optimum utilization of available resources in order to maximize their output increasing their contribution and share to the GDP. But contrary to expectations, no heed had been paid towards this most important sector of national economy and architects of the budget have failed to realize the importance of major irritations besetting the economy and outline a strategy for their solutions, he said. There are no measures to help textile export sector reduce its cost of production and become competitive in global markets as increasing cost of doing business is a stumbling block in export growth.

Vice Chairman Muhammad Naeem termed the textile sector as an important segment of the economy which is already in grip of severe crisis and the industrial production is not in accordance with the built up manufacturing capacity. Due to this underutilization, the country is not fetching the full potential of foreign exchange earnings. Industry would be hit hard by the soaring prices of supplies and ancillary goods. High cost of raw materials and production inputs would create a chain effect of increases and ultimately place a burden on cost of production of industrial goods making the Pakistani goods uncompetitive, he contended.

The PTEA urged the Government to address the real and basic challenges of textile industry to give necessary fillip to exports and put the economy into deep gear. They requested the Prime Minister to immediately call the stake holders and settle their issues.

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Sluggish business on cotton market

RECORDER REPORT

KARACHI: Slow business activity was witnessed on the cotton market on Monday due to expectations of better than expected cotton production this year, dealers said.

The official spot rate was unchanged at Rs 6800, they said. In the ready session, only one deal was of 400 bales of cotton from Rahim Yar Khan sold at Rs 6975, they said.

According to the market sources, most of the participants were on the sidelines on arrivals of good cotton production.

Cotton analyst, Naseem Usman said that after heavy rains in India these days, bumper cotton production is likely and may cause slight fall in present rates.

As a whole, trend in the world is easy, he added.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL					
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**	**Spot Rate Ex-Karachi As on 10.06.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,800	135	**6,935**	**6,935**	NIL
40 Kgs	7,288	145	**7,433**	**7,433**	NIL

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New York cotton

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The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	75.72	75.75	75.10	75.25	14:20 Jun 12	-	-0.44	20788	75.69
Jul'17	74.30	74.64	74.00	74.04	14:20 Jun 12	-	-0.29	4	74.33
Oct'17	72.49	72.64	72.33	72.49	14:20 Jun 12	-	-	16048	72.49

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Infeasible financing of budget deficit

Dr Hafiz A Pasha

The last two articles by the author of this article in Business Recorder were on 'bloated revenue projections' and 'understated expenditure projections', with regard to the outcome in 2016-17 and the Federal Budget of 2017-18. This article assesses the feasibility of the plan by the Ministry of Finance (MoF) on how to finance the budget deficits for the current year and for 2017-18.

This ongoing financial year has already witnessed a record level of borrowing by the Federal Government from the SBP. As of 26th of May 2017, this borrowing has reached Rs 1004 billion. It effectively corresponds to deficit financing by printing of money. As such, it is inflationary in character. Already net domestic assets have expanded by over 11 percent in the first eleven months of 2016-17, as compared to 7 percent last year. Research has demonstrated that the impact of monetary expansion on the price level has a lag of six months to one year.

During the tenure of the three-year IMF programme, which concluded in September 2016, abstaining from borrowing from the SBP was considered as a key indicator of a 'good' monetary policy. Consequently, there was actually significant retirement of debt with SBP by the Ministry of Finance of Rs 368 billion in 2015-16 and of Rs 462 billion in 2014-15. This was achieved in the Program through adherence to appropriate performance criteria.

Now, after the IMF exit, profligate financing is being resorted to from SBP. The primary role of a central bank is to control inflation to the extent possible. The large-scale resort to printing of money to support fiscal operations reflects poorly on the autonomy of the SBP.

What is the MoF break-up overall of borrowing in the revised estimates for 2016-17? The share of net external borrowing is expected at 30 percent, in financing the projected fiscal deficit at the federal level of Rs 1628 billion. This is much higher than the share of 14 percent proposed originally in the budget estimate for 2016-17.

Here again, there is an undesirable development. Commercial loans and flotation of Sukuk Bonds will make a contribution of 51 percent to gross external borrowing in 2016-17, as compared to the target in budget estimates of 25 percent. This increasing exposure to high cost, mostly short-term external borrowing raises issues about the sustainability of external debt.

As highlighted earlier, within domestic borrowing in 2016-17, the larger share of 65 percent will be from the banking system, entirely from the SBP. Non-bank borrowing is projected to be as much as 33 percent below the estimate at the start of the year. This is primarily due to the low nominal mark-up rates. The inflow from July to March this year into the National Savings Schemes has fallen by 11 percent.

Highly unusual and unlikely projections have been made for the last quarter of 2016-17 by the MOF. The fiscal deficit at the Federal level is projected at only 0.5 percent of the GDP. Net external borrowing in this quarter is expected to be as much as Rs 269 billion. This is even more than the net external borrowing of Rs 220 billion in the first three quarters. With this large recourse to financing from external sources, bank borrowing will be reduced by Rs 180 billion. As such, more or less, complete reliance will be placed on external borrowing during the current quarter.

The drastic change in financing pattern of the Federal Budget deficit highlights some emerging difficulties. On the external front a limit is being reached in conventional sources of borrowing, like concessional multi-lateral project and program loans. The latter are expected to fall by 15 percent in 2017-18. This reflects the loss of faith of multi-lateral agencies in the ability of the Government to implement structural

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reforms.

Consequently, increasing reliance is being placed on relatively high cost commercial borrowing from external sources, especially from China. This has become essential not only to close the budget gap but also to prevent a rapid hemorrhaging of the foreign exchange reserves. Over 40 percent of the gross external borrowing is likely to be from China in 2016-17.

The MoF proposes to follow a more conventional strategy for financing the projected Federal budget deficit in 2017-18. The share of external financing will be brought down to 28 percent and reliance on domestic borrowing increased to 72 percent. The distribution of domestic borrowing will be 56 percent from the banking system and the remaining 44 percent from nonbanking sources. The inflow of non-bank borrowing is projected to jump up by as much as 46 percent. This will be possible only if there is a major hike in returns on the National Savings Schemes.

The surprise is that the MoF is projecting a decline in 2017-18 of 17 percent in gross external borrowing but an increase in the net inflow of 13 percent, because the level of external debt repayment will fall by as much as 43 percent. This is highly unlikely as the trend in recent years is of increases annually in the magnitude of external debt repayment.

Very importantly, on page 50 of the document, Budget-in-Brief for 2017-18, prepared by the MoF, a solemn commitment is made for the first time that 'SBP financing will be zero'. Finally, there appears to be some recognition from official quarters that printing money creates heavy inflationary pressures.

We will probably see a return back to large scale buying of PIBs/MTBs by commercial banks supported through OMO injections. But this will again only be feasible if markup rates go up sizably. The appetite for Government paper of banks has vanished completely in 2016-17. In fact, there has been reduction of investment in PIBs with commercial banks of Rs 649 billion in the first ten months of 2017-18. Needless to say, the resort to financing by commercial banks also implies a return to some 'crowding out' of the private sector from credit and some constraint on investment.

The above financing strategy has been based on a projected Federal fiscal deficit of 5.0 percent of the GDP in 2017-18. This is highly unlikely given the significant overstatement of likely revenues and understatement of expenditures. The Federal fiscal deficit could be as much as Rs 500 billion higher than the projected level of Rs 1827 billion.. If this happens then there may be no option but to fall back on financing a large part of the deficit by borrowing from SBP. The consequence will be that two successive years of large-scale printing of money could lead to double-digit inflation by the second half of 2018, in the aftermath of the elections.

(The writer is Professor Emeritus and former Federal Minister)

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Faisalabad yarn and fibre prices

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FAISALABAD: Cotton yarn rates in rupees per 10 Lbs on Monday (June 12, 2017).

6-8/S Cone (Cotton)

ARY 500.00

Sher 400.00

Nelibar 650.00

Al-Falah 540.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 500.00

Model Soft 680.00

Adil 520.00

Neilum 540.00

Nelibar 680.00

Owais Karni 510.00

Gold Star 570.00

Urooj 650.00

Shaheen 510.00

Al-Falah 510.00

Zam Zam 490.00

A.T.M 540.00

Sun flower 510.00

Apple Soft 670.00

Apple Hard 650.00

Ton-Ton 640.00

10/S Cone (Soft)

Es Guard 1050.00

S.B. 880.00

Nelibar 880.00

Kinoo 980.00

Malta 1050.00

Ayesha 880.00

12-14/S Cone (Cotton)

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Super Motia
760.00

Model
760.00

Qadri
650.00

Adil
650.00

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16-18/S Cone (Cotton)

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Nova
710.00

Chagi
700.00

Adil
700.00

Model
800.00

Neeli Bar
1060.00

Super Motia
1150.00

Prince
720.00

Prince W
1150.00

Acro
990.00

Apple
850.00

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20/S Cone (Cotton)

--

Zahidjee
1310.00

Anmool
1880.00

J.K.
1300.00

Khalid Shafiq
1040.00

Acro
1240.00

Darulsalam
1250.00

Hadabia
1300.00

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22/S Cone (Cotton Warp)

--

Crescent
1325.00

Yahya
1320.00

HAR
1320.00

Tayyab
1320.00

Polo
1320.00

Ulfat
1340.00

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24/S Cone (Cotton Warp)

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Polo
1350.00

Prince
1300.00

Acro
1290.00

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H.A.R.
1300.00

Silver Lines
1340.00

ATM
1330.00

Anmool
1360.00

30/S Cone (Cotton Warp)

Al Noor
1430.00

Crescent
1425.00

Acro
1410.00

Glamour
1350.00

Arain
1420.00

J.K.
1410.00

Gulistan
1525.00

Ujalla
1410.00

Khalid Shafique
1450.00

Shafi
1400.00

Chakwal
1525.00

Anmool
1420.00

Ittehad
1420.00

Hadabiya
1430.00

32/S Cone (Cotton)

Ahmad
1450.00

Malikwal
1460.00

Chand
1440.00

J.K.
1550.00

Target
1480.00

Hadabiya
1460.00

A Three
1470.00

Araian
1460.00

Acro
1450.00

Nafees
1450.00

H.H.
1450.00

40/S Cone (Combed Cotton)

JK
1700.00

JK Carded
1540.00

Acro
1700.00

Nishat
1750.00

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Betray 1625.00	A. Three 1540.00	Tanveer 2050.00
Ittihad 1650.00	Azam 1500.00	Sultan 1900.00
Al-Nasar 1730.00	Wasal Kamal 1500.00	Diamond 1900.00
Ejaz 1700.00	Super Gold 1510.00	Koiyal 2075.00
superior 1750.00	Jubilee 1500.00	Malikwal 1900.00
Nisar 1750.00	Babri 1510.00	Parado 1875.00
Three-G 1560.00	Sally 1560.00	Four Star 1975.00
Suraj 1775.00	---------------------------------------	N.P. 1900.00
MKB 1500.00	52/S Cone (Combed Cotton)	Prime Plus 1900.00
Ramzan 1510.00	---------------------------------------	Saif 1900.00
Ahmad 1530.00	Crescent 2100.00	Super Shaheen 1750.00
Super Shaheen 1500.00	Ittihad 2075.00	Nafees 1900.00
Darul Islam 1500.00	Suraj 2100.00	Habib 1925.00
Four-G 1600.00	Al-Nasar 2150.00	Colony 1950.00

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Umer auto 1700.00

Two-G 1750.00

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60/S Cone (Combed Cotton)

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Nishat 2300.00

J.K. 2200.00

Mapal Leaf 2275.00

Koiyal 2350.00

Gujjar Khan 2300.00

Pagri 2250.00

Deen 2250.00

Alam 2250.00

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72-74/S Cone (Cotton)

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Prime 2475.00

Commander 2450.00

N.P. 2550.00

Tower 2575.00

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80/S Cone (Cotton)

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Gold King 2650.00

Super King 2675.00

Mapel Leef 2800.00

Amjad 2700.00

Khan Buhadur 2700.00

Admiral 2825.00

Commander 2750.00

Four Star 2800.00

Rolex 3000.00

Diamond Gate 2950.00

Al Falah 2850.00

Chairman 2800.00

Battery 2850.00

Shanshah 2750.00

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30-31/S Cone (Polyester Cotton)

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Gold Star 139.74

Sun 130.56

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JK 110.00	Marjan 110.00	Shahpur 136.96
Bilal 104.00	Pak Panther-ll 107.00	North Star 135.00
Tahir Rafique 109.00	Nayab 110.00	A.D. 112.00
Zahidjee 107.00	Kiran 116.00	Multan 113.00
Bashir 115.00	NP 111.00	Golden 110.00
Shadman 106.00	Mehtabi 106.00	Kirshma 110.00
Sarfraz 106.00	Club 109.00	Al-Azhar 134.00
Cherry 106.00	K.K. 109.00	Sarhad 112.00
Khalid Nazir 105.00	Ruby 111.00	Aslam 103.00
Wasal Kamal 105.00	Metro 99.00	Corolla 114.00
North Star 106.00	------------------------------------ --	Royal 109.00
Super Khuwaja 108.00	38/S Cone (Polyester Cotton)	Chairman (N) 112.00
Anaar 114.00	------------------------------------ --	------------------------------------ --
Action 92.00	Gold Star 150.96	40/S Cone (Polyester Cotton)

BUSINESS RECORDER

Tuesday, 13th June, 2017

A.A. 161.16

Mehtabi 138.00

Shadab 141.00

Mazan 132.00

40/S Cone (AV)

Koiyal 178.00

Super LG 159.00

A.J. 170.00

Ahmad Fine 170.00

Asheana 204.00

40/2 Cone (AV)

Koiyal 191.00

Super LG 182.00

A.J. 180.00

Ahmad Fine 180.00

30/S Cone (CVC)

Ayesha 126.00

SUN 134.65

Kamal 126.00

26/S Cone (PV)

AA 120.36

Ashiana 119.34

MM 98.00

Blue Star 100.00

Super Jett 102.00

Shuttle 98.00

M-4 103.00

Bemisal 96.00

Ghouri 98.00

U-2 99.00

L.G. 104.00

U-7 92.00

Triple two 97.00

AJ Gold 98.00

BUSINESS RECORDER

Tuesday, 13th June, 2017

Candle
98.00

Jaguar
99.00

--

34-36/S Cone (PV)

--

A.A.
142.80

Ashiana
141.78

Sapna
133.00

Blue Star
110.00

Super Jett
112.00

Shahzad-H
112.00

Shuttle
107.00

Bemisal
106.00

Shuttle less
111.00

Cheeta
102.00

Candle
108.00

Target
106.00

Dewan
104.00

Royal
99.00

Spin Cott
108.00

H.R.
107.00

S.S.
120.00

Tanveer
110.00

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44-46/S Cone (PV)

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A.A.
171.36

Ashiana
170.34

Sapna
150.00

Super Jet
124.00

Bemisal
126.00

Marghala
124.00

U-2
124.00

Cheeta
123.00

Target
124.00

S.S.
139.00

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65/S Cone (PV)

--

Ashiana
222.36

U-2
176.00

Bemisal
174.00

BUSINESS

RECORDER

Tuesday, 13th June, 2017

Ghori
177.00

Cheeta
166.00

A.J Gold
176.00

Tanveer
177.00

Maqbool
177.00

L.G.
178.00

--

34/S Cone PP

--

Zamin
89.00

Shadman
110.00

Ellahi
111.00

Dewan
89.00

U-2
92.00

--

60/S Cone PP

--

Zamin
115.00

Anwar
112.00

Taj Mahal
111.00

--

36-38/S Cone (Staple)

--

Diamond Gate
1600.00

Marghala
1570.00

Saif
1590.00

Four Star
1580.00

A.J.
1600.00

Fazal Cloth
1580.00

L.G.
1570.00

Super Gold
1580.00

Azam
1590.00

Best
1590.00

K.P.K.
1550.00

Colony
1510.00

Martial
1540.00

--

30/S Cone (Ecrylic)

--

Koial
162.00

Saif
166.00

Combine
148.00

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BUSINESS
RECORDER
Tuesday, 13th June, 2017

40/S Cone (Ecrylic)	Koial 173.00	Combine 159.00
--------------------------------------- --	Saif 174.00	Pagri 173.00

BUSINESS
RECORDER
Tuesday, 13th June, 2017

Karachi Yarn Market Rate

RECORDER **REPORT**

KARACHI: Karachi Yarn Market Rates on Monday (June 12, 2017).

CONES CARDED

10/1.

Popular Fibre 920.00

Diwan 950.00

Tritex 930.00

12/1

Nadeem Textile 1120.00

Indus 1160.00

Popular Fibre 1100.00

Bajwa 1150.00

16/1.

Nadeem Textile 1200.00

United 1200.00

Popular Fibre 1150.00

Abdullah Textile 1150.00

Indus 1220.00

A. A. Cotton 1200.00

Tritex 1170.00

Bajwa 1210.00

21/1.

Ishtiaq Tex 1240.00

Al-Karam (A.K) 1250.00

Suriya Tex 1250.00

United 1250.00

GulAhmed (G.Lite) 1260.00

Popular Fibre 1220.00

Shadman 1240.00

Indus Dyeing 1290.00

Abdullah Textile 1220.00

Lucky Cotton 1230.00

A. A. Cotton 1300.00

Diwan 1240.00

22/1.

Bajwa 1270.00

United 1260.00

24/1.

A. A. Cotton 1370.00

Tritex 1320.00

26/1.

AL-Karam 1370.00

BUSINESS
RECORDER
Tuesday, 13th June, 2017

Dewan 1320.00

Amin Text 1350.00

Shadman Cotton 1350.00

Diamond Int'l 1320.00

Popular Spinning 1300.00

Ishtiaq Textile 1320.00

Lucky Cotton 1320.00

A. A. Cotton Hosiery 1450.00

28/1

Abdullah Textile 1350.00

30/1.

Amin Tex. 1450.00

Al-Karam 1430.00

Jubilee Spinning 1350.00

GulAhmed (G.Lite) 1430.00

Lucky Cotton 1350.00

Diamond Intl 1400.00

A. A. Cotton Hosiery 1480.00

32/1

Abdullah Textile 1380.00

40/1

Lucky Cotton 1650.00

52/1

Lucky Cotton 1700.00

COMBED CONE

40/1

Indus CF 1740.00

20/2.

GulAhmed 1340.00

Amin 1350.00

Indus Dyeing 1360.00

Bajwa 1350.00

Shadman Cotton 1340.00

42/1

Abdullah Textile 1650.00

52/1

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1.

Abdullah Textile 1750.00

BUSINESS
RECORDER
Tuesday, 13th June, 2017

70/1

Abdullah Textile 1850.00

CHEES CONES

10/1.

Kasim Tex 700.00

Latif Tex. (Latif) 700.00

Super 690.00

Abdullah Textile (OE) 690.00

16/1. (O.E.)

Kasim Textile 880.00

Masal 870.00

RATES OF PAKISTANI/IMPORTED POLYESTER YARN (PER LBS) + GST

Imported 50/36 FDY 90.00

Local Mill 130.00

Rupali 75/78 FDY NA

Import 75/72 FDY 72.00

Local Mill 82.00

Rupali 75/36/0 & 75/24 DTY 90.00

Imported 75/36/0 DTY 84.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 70.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 96.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 72.00

BUSINESS RECORDER

Tuesday, 13th June, 2017

Local Mill 70.00

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 72.00

Local Mill 73.00

Imported 150/144 SIM 76.00

Local Mill NIL

RATE OF BLANDED YARN IN RUPEES

(PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 106.00

20/1 PVB

A.A. Textile 109.00

A. A. Cotton 109.00

24/1 P.V. BRIGHT

A.A. Tex. 114.00

Sana 109.00

A. A. Cotton (80:20) 114.00

26/1.PV Bright

A.A. Tex. 119.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 125.00

Sana 120.00

A. A. Cotton 125.00

26/1 P.V. (S.D.)

A.A. Textile 119.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 144.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 145.00

46/1 PVSD

Ibrahim Fibre 169.00

28/1 PV SLUB

A.A. Clock Tower 148.00

30/1 PV SLUB

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB (PP) 150.00

BUSINESS
RECORDER

Tuesday, 13th June, 2017

Sana SLUB (PP)
145.00

Sana (PV)
150.00

Sana SLUB (V)
165.00

40/1 SLUB

Sana (V)
180.00

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SEWING THREAD YARN

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Sana

21/1 PP
84.00

30/1 PP
96.00

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana
118.00

30/1 PVT

Sana
128.00

10/1 PP

A. A. Cotton
93.00

12/1 PP

A. A. Cotton
98.00

16/1 PP

A. A. Cotton
103.00

20/1 PP

Sana
110.00

Diwan
98.00

A. A. Cotton
110.00

Agar
96.00

26/1 PP

A. A. Cotton
115.00

30/1 PP

Agar
101.00

Anwar
109.00

Sana
120.00

Diwan
103.00

A. A. Cotton
120.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
133.00

60/1. (P.P)

Agar
124.00

Diwan
125.00

Anwar
130.00

A. A. Cotton
146.00

BUSINESS RECORDER

Tuesday, 13th June, 2017

8/.1.

A. A. Cotton (52 48) 95.00

10/.1.

Zainab 115.00

A. A. Cotton 95.00

Lucky Cotton 135.00

12/1

A. A. Cotton 100.00

14/1

Zainab Tex 118.00

A. A. Cotton 105.00

16/1

AA SML Carded (52 48) 114.00

IFL (52 48) 120.00

A. A. Cotton 105.00

P.C. COMBED

20/1. PC

A.A.SMLCARDED 123.00

Zainab (Combed) 123.00

A. A. Cotton (Carded) 112.00

A. A. Cotton CVC (65 : 35) 110.00

24/1. PC

A. A. SML Carded 123.00

Zainab (Combed) 128.00

A. A. Cotton 109.00

25/1

A.A. Cotton 117.00

30/1. PC (52 : 48)

Zainab Textile (combed) 138.00

Stallion 100.00

K. Nazir 112.00

Al-Karam 112.00

AA SML (Carded) 131.00

A. A. Cotton (Carded) 122.00

A. A. Cotton CVC (65 : 35) 114.00

36/1. PC

IFL Tex (Combed) 149.00

A. A. Cotton 140.00

40/1 PC

A.A. Textile (Combed) 159.00

45/1 PC

Zainab 172.00

10/1 CVC

BUSINESS
RECORDER
Tuesday, 13th June, 2017

A. A. Cotton (60:40) 100.00

12/1 CVC

A. A. Cotton (60:40) 107.00

16/1 CVC

A. A. Cotton (60:40) 112.00

20/1 CVC

A. A. Cotton (60:40) 118.00

AASML 114.00

24/1 CVC

A. A. Cotton (60:40) 123.00

Sana 146.00

AASML 111.00

30/1 CVC

A. A. Cotton 128.00

AASML 122.00

40/1 CVC

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

READY RATES OF STAPLE FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 123.00

I.C.I. 1.2 (SD) 123.00

I.C.I. Bright 125.00

Rupali 1.D 123.00

Rupali 1.2 (SD) 123.00

Ibrahim Fiber (SD) 123.00

Ibrahim 1.D 123.00

Ibrahim Fiber Bright 125.00

Ibrahim Trilobal Bright 125.00

VISCOSE K.G.

FCFC 44 MM Taiwan 235.00

FCFC 51 MM Taiwan 235.00

Grysum India 235.00

Thai Reyon 51 MM 235.00

S.P.V. Ind. 51 MM Indonesia 235.00

BUSINESS

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ACRYLIC FIBER K.G.	Acelon	Korea	1.2x51	205.00
	Monty	Italy	1.2x51	205.00

DAWN
Tuesday, 13th June, 2017

Trade deficit widens to record $30bn

Mubarak Zeb Khan

In this file photo, a crane removes a container from a ship.—AP/File

ISLAMABAD: The country's trade deficit ballooned by 42 per cent year-on-year to an all-time high of $30 billion in the first 11 months of the current fiscal year on the back of falling exports and a sharp increase in the import bill.

The country's annual trade deficit was $20.435bn when the PML-N came to power in 2013. It has been on the rise since then due to rising imports and falling exports.

Trade deficit stood at $3.465bn in May, a rise of nearly 61pc compared to the same month a year ago, according to the data released by the Pakistan Bureau of Statistics on Monday.

Two reasons explain the trade deficit: rising import bill of capital goods, petroleum products, and food products; and a steep fall in exports despite prime minister's support package to boost exports. The trade deficit is said to be posing a serious threat to external balance of payment.

In July-May, the overall import bill rose 20.6pc year-on-year to $48.54bn. In May alone, it increased 28pc to $5.09bn.

In the year 2012-13, the import bill was at $44.950bn. It is expected to reach over $53bn this fiscal year.

Exports fell 11pc year-on-year to $1.627bn in May after witnessing paltry growths in the previous two months. Export proceeds grew 5pc in April and 3pc in March.

Exports are in decline despite government claims of providing the industry with round-the-clock power supply since November 2014. Similarly, the government was also providing Rs3 per unit concession in electricity tariff since 2016 to export-oriented industries.

In the 11 months through May, the export proceeds fell to $18.54bn from $19.14bn a year ago.

Under a three-year Strategic Trade Policy unveiled last year, the government set an annual export target of $35bn by 2018. To boost exports, the prime minister announced a subsidy package of Rs180bn for textile, clothing, sports, surgical, leather and carpet sectors. The impact of this package on exports has yet to be seen.

The government has recently removed the commerce secretary, Azmat Ali Ranjha, for failing to promptly implement the trade policy. He was replaced by Younis Dagha, who was shunted out from the Ministry of Water and Power for his alleged failure to manage power load-shedding issues.

Under the Strategic Trade Policy 2015-18, the Ministry of Commerce notified five cash support schemes to improve product design, encourage innovation, facilitate branding and certification, upgrade technology for new machinery and plants, provide cash support for plant and machinery for agro-processing and give duty drawbacks on local taxes.

Exporters have yet to submit claims for the subsidy due to "flaws in these schemes".

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.70	104.90	105.90	106.10
UK	133.43	133.69	135.00	136.30
Euro	117.18	117.40	118.60	119.60
S.Arabia	27.92	27.97	28.25	28.45
UAE	28.51	28.56	28.90	29.10
Japan	0.9493	0.9511	0.9573	0.9773

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.91	6.16
One year	5.97	6.47

LIBOR

Special US dollar bonds for June 8

Three months	1.23644 %
Six months	1.41683 %

THE NEWS
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Budget proposals lack substance to support economy

Budgetary measures and proposals for the 2017/18 fiscal year hardly signal any move towards a structural change in economic fundamentals, depict no urge towards self-reliance, and induce little meaningful incentives for growth in critical sectors, such as agriculture and industry. By and large, the budget was a balance-the-books exercise, as usual, without any serious thought and effort to strengthen the economy's foundation.

Many macroeconomic targets, set in the budget, are overly optimistic. Achieving six percent growth in the next fiscal year (5.28 percent in the current fiscal year) is quite possible, considering an increased development spending, allocation for China-Pakistan Economic Corridor-related projects and foreign direct investment coming from China.

However, taking investment to 17 percent of GDP and increasing the tax to GDP ratio to 13.1 percent seem to be difficult, without any particular incentives for increasing the savings (prerequisites to investments) and with no out-of-the-box approach to broaden the tax base. Keeping the budget deficit at 4.1 percent and inflation under six percent in the wake of increased expenditures on all counts would also be hardly possible.

The budget 2017/18 was presented on May 26, a week or so earlier than the usual practices of bringing it out in the first week of June. However, the overall time of debate on the budget in the parliament has been reduced (attributed to Ramazan and the debate is to be completed by June 16. The boycott by the opposition of the budget debate in the parliament makes this entire exercise even more meaningless.

Although the opposition benches should also be advised to consider playing a more constructive role in this connection, in a parliamentary system it is the responsibility of the treasury benches to keep the opposition onboard and to make it a truly a national budget, not just the budget of the government.

A budget strategy paper is usually prepared and approved by the cabinet in the initial months of the calendar year – outlining the coming budget's priorities. However, the budget strategy paper this time was hurriedly unfolded and approved by the cabinet, days before the presentation of the budget in May. Evidently, neither the objective of pre-budget consultations was served in a proper manner, nor is there enough time for any meaningful space/period for post-budget debate.

Budget's outlay for 2017/18 is Rs5,103.8 billion, 4.3 percent higher than the size of the budget for 2016/17. Net revenue receipts are estimated at Rs2,926 billion, up 5.3 percent over the budget estimates for 2016/17. Provincial share in federal taxes is estimated at 2,348.2 billion, an increase of 11.6 percent over the outgoing year.

In the budget outlay, Rs3,763.7 billion (73.7 percent of total) is current expenditure, while development expenditure is Rs1,340.1 billion (26.3 percent). Federal public sector development program (PSDP) is for the first time crossing the limit of one trillion rupees at Rs1,001 billion as against expenditure of Rs715 billion (revised estimates as against an allocation of Rs800 billion) in the outgoing fiscal year. Bank barrowing is estimated at Rs390 billion, while external resources are targeted at Rs837.8 billion.

Much of the growth registered in the past couple of years, including in the outgoing year is in the services sector. It is nothing unusual for a developing economy, but at the same time, an economy like Pakistan's being primarily agrarian, the budget brings forth little meaningful measures/proposals for all important agriculture sector except for continuing with Prime Minister's agricultural package – the exact impact of which is yet to be known – and focus on increasing agri-credit.

In industrial sector, the focus remains primarily on few select industries, such as textiles, which is by no means enough and responsive to the changing circumstances where small and medium enterprises require an enhanced attention.

Reliance on indirect taxes:

For 2017/18, the target for direct taxes has been increased Rs214 billion to Rs1,595 billion, while the target for indirect taxes has been revised up Rs276 billion to Rs2,418 billion, which is all set to increase the burden of the common man.

For the fiscal year of 2016/17, the target for direct taxes was Rs1,558 billion, while actual collection was down eight percent to Rs1,389 billion. The target for indirect taxes was Rs2,063 billion, while the collection

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increased 3.3 percent to 2,142 billion.

Lopsided development budget:

Bulk of the PSDP (more than Rs400 billion) is concentrated in the communication sector.

Revised estimates for 2016/17 indicate that the overall spending was considerably less than the initial allocation – Rs715 billion as against Rs800 billion. This is less than the revised estimates for the bank borrowing in the same year,making it clear that the whole developmental spending came from borrowed money. No expense has been mentioned against allocation for internally displaced persons (IDPs) – that was Rs100 billion, in the budget documents. Instead, an expenditure of Rs14 billion is shown against a new heading – security enhancement. For 2017/18, another Rs45 billion will be provided for this new head and IDPs each.

Expenditure on sustainable development goals increased to Rs42.5 billion from an allocation of Rs20 billion. No amount was spent in the outgoing fiscal year, out of the allocated Rs28 billion, for special federal development program, yet Rs40 billion will be disbursed for the same for 2017/18.

Two new initiatives – 'Energy for All' and 'Clean Drinking Water for All' – get Rs12.5 billion each without any details. Prime Minister's Youth Program could consume only a quarter – Rs5 billion out of Rs20 billion, which has again been allocated.

As far a gas infrastructure development cess is concerned, only Rs158 million were spent on uplift schemes out of Rs25 billion allocated in the current fiscal year and again the same amount was set aside. Much of the allocations for ministries of ports and shipping and planning, development and reform remained unspent during 2016/17.

Defence budget rose to Rs920 billion for 2017/18 from Rs860 billion for 2016-17, up modest seven percent considering the overall security situation in the region – tensions on the eastern and western borders.

Allocation for Benazir Income Support Program was revised up to Rs121 billion and number of beneficiaries increased to 5.5 million. Certainly, direct cash grants, no matter how small, do help to an extent. Despite its short-term benefits, the program is becoming a source of increasing dependencies instead of building or facilitating sustainable livelihoods as its main deliverance. Continuing with this approach serves only one purpose – winning sympathies and votes of the downtrodden in the elections year.

Awarding the personnel and officers of armed forces with the double increase in salaries -- 10 percent as per the increase announced for all the federal employees and 10 percent special allowance for military operation Zarb-e-Azb – though warranted due to the peculiar role and sacrifices of the military, smacks of discrimination.

Increase of the minimum wage to Rs15,000 a month is, on one hand, too meagre considering the inflation of daily-use items, and there is no visible mechanism ensuring its implementation on the other.

International institutions estimate that housing shortage in Pakistan is around 10 to 12 million units. In spite of this, an allocation of mere six billion rupees and that too in the form of a part of credit guarantees is insufficient. What is needed is a large scale program for provision of housing to millions.

Mobile phones are an import source of personal and commercial connectivity in today's world. In view of this, it is good that withholding tax on mobile calls and excise duty on import of mobile phones has been reduced. It is also important to note that the use of mobile phones is linked with promotion of certain lifestyles – specially the nighttime packages. Packages that discourage unhealthy lifestyles should be discouraged through taxes and duties. Taxes on actual airtime can handle this issue. Taxation measures introduced in the budget of 2017/18 are actually decreasing cigarette prices in contrast to the prevailing global practices of discouraging tobacco consumption.

Debt burden is continuously increasing. Ironically, the finance minister, in his budget speech, was seen as building the opinion in favour of loans, saying that loans if taken for development are not bad.

Over one-third (Rs1,363 billion) of the total expenditures were earmarked for payment of the interest/markup on national loans during the next fiscal year. During the past four years of this government, net public debt increased Rs5.5 trillion. Gross public debt, including the government's assets with the banks, rose seven and half trillion rupees.

A burden of more than Rs1,194 billion was added in the first nine months of the outgoing fiscal alone. Revised estimates for bank borrowing rose to Rs741 billion as against budget estimates of Rs453 billion.

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Treatment of financial products of Islamic banks at par with conventional banks is welcome, as previously the Islamic banks were rather disadvantaged with double taxation in some cases.

However, if the objective is to encourage Islamic banking in the country, it will be served better with providing the Islamic finance products incentives, which are higher than the already established commercial financial industry.

The writer is Lead Coordinator at Islamabad-based Institute of Policy Studies

THE NEWS
Tuesday, 13th June, 2017

'Five oil, gas discoveries in four months'

ISLAMABAD: Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi on Monday said oil and gas exploration companies had made five new discoveries during the last four months, bringing the total number of finds to 98 in the last four years.

"All these finds have been made in Sindh province, which will produce $150 million worth of oil and gas annually," he said while addressing a news conference. The discoveries made by oil and gas companies, including OGDCL, PPL, MPCL and OMV Pakistan, would produce 70 million cubic feet per day (mmcfd) gas and 636 barrels oil per day.

He termed the increased number of discoveries a 'record' set by the present government in a short span of four years, which so far added 944mmcfd gas in the transmission network across the country.

He said the government was making all-out efforts to further accelerate oil and gas exploration and production activities in potential areas to achieve self-sufficiency in the energy sector.

The minister set aside the impression that article 158 of the constitution was not being implemented in letter and spirit, and said, "In 2010, before the 18th constitutional amendment, SNGPL was getting supply of 1,665mmcfd gas for distribution in Punjab and Khyber Pakhtunkhwa provinces, which has reduced to 1120mmcfd gas after the amendment."

Answering a question about Sindh chief minister's statement regarding cut in provincial gas supply, Abbasi said he was ready to hold a public debate on the issue and reiterated that provinces were getting their due share under the 18th amendment.

Replying to another question, the minister said 1.5 million new gas connections had been issued by the current government so far, and before its tenure completes, the number would reach two million.

"It is the hallmark of the government that all gas connections have been issued on merit and turn," he said. When the government came into power in 2013, he said there was a backlog of two million applications for gas connections, which the company was now clearing gradually.

Answering another question, Abbasi said currently 600mmcfd Liquefied Natural Gas (LNG) was being imported, which greatly helped in meeting the country's energy requirements as all gas-based power generation plants were now functioning fully and 1,200 CNG stations had restarted their operations, whereas industrial and fertiliser sectors were also getting uninterrupted supply.

Before LNG import, the minister said Pakistan was importing one million ton fertiliser per year and now it was exporting six million tons fertiliser, and added that the entire power generation sector was getting smooth gas supply, "besides Nandipur power plant had also been converted on LNG."

He said LNG import from Qatar would not be affected in the prevailing political situation in the Gulf, except any 'force majeure' situation or any international sanction with regard to LNG export for Qatar.

"It is not only Pakistan that is importing LNG from Qatar, rather our neighbour and nine big economies of the world are importing the commodity," Abbasi added. Terming LNG the cheapest source of fuel, he said the world's major players were showing interest to invest in the LNG sector of Pakistan by setting up their own terminals and developing transmission network to supply the commodity to consumers, and added that the government wanted to involve the private sector in this sector.

"There will be good news in the next few weeks in this regard," the minister said. When asked to comment on circular debt of the Pakistan State Oil (PSO), he said the debt has reached Rs200 billion, and there was no fear of default.

Commenting on the Iran-Pakistan gas pipeline project, the minister said a few international sanctions on Iran were causing delay in execution of the project. He said as soon as the sanctions were lifted, practical work would be started on the project. Answering a question, Abbasi said in Khyber Pakhtunkhwa around Rs7 billion gas was being stolen annually and provincial government was doing nothing for its prevention.

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Cotton firm

Karachi

Dull trading was witnessed at the Karachi Cotton Exchange on Monday, while spot rates remained unchanged.

The spot rates remained unchanged at Rs6,800/maund (37.324kg) and Rs7,288/40kg. Ex-Karachi rates also stood firm at Rs6,935/maund and Rs7,433/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said the activity in the market remained slow, as textile industry is awaiting budget approval and hopeful for acceptance of some of its proposals.

Karachi Cotton Exchange recorded only one transaction of 400 bales from Rahimyar Khan at Rs6,975/maund.

“Six factories have started operations in Sindh and around 1,000 bales were pressed, of which 400 bales have been sold at Rs7,000/maund,” he said. “Cottonseed is being sold at Rs3,500/40kg and binola is being sold at Rs1,600’maund.”

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Value-added textile sector backbone of economy: PBIF

NNI

ISLAMABAD: President Pakistan Businessmen and Intellectuals Forum (PBIF) Mian Zahid Hussain on Monday said the value-added textile sector is the backbone of the economy which deserves attention of the government.

This sector is providing employment to millions of the people after agriculture, have the largest share in exports and paying taxes, therefore, its problems should be resolved immediately, he said.

Mian Zahid Hussain said that energy crisis, stuck-up refund claims, rising input costs, the burden of taxes, infrastructure issues, lack of enabling rules and regulations, has increased the cost of doing business, it said.

Our production is restricted, exports are shrinking and we stand at a disadvantage as far as economy and government's support is concerned which has compelled this sector to start protest which is sending the negative signal, he noted.

He said that instead of moving forward with the value addition, the country is going backwards by exporting more of the raw materials like cotton and yarn.

The business leader said that all the regional countries are following good practices, paying hidden subsidies while India allows export of surplus cotton, he said.

A proper regulatory policy for cotton and yarn exports can save one of the most important small scale industry from losing its share to Bangladesh, Sri Lanka, China, Vietnam and India.

The government should introduce the liberal import policy for raw materials for re-export like duty-free import of fabrics and accessories which are not being manufactured in Pakistan.

Authorities must discourage exports of raw material for the sake of finished clothing products in domestic and export markets.

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Growers advised to water cotton crops timely

APP

FAISALABAD - Agriculture experts have advised the cotton growers to water their crops in time so as to get healthy and bumper yield. A spokesman of the agriculture department said here on Monday that in most of the cotton areas, the growers do not care of timely watering the cotton crops, which affects the quality as well as quantity of the produce. He advised the growers to water their cotton crops after 30-35 days of its cultivation whereas remaining irrigation should be ensured after an interval of 12-15 days.

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Trade deficit swells to historic $29.9b in 11 months

Imran Ali Kundi

ISLAMABAD - Pakistan's trade deficit swelled to historic $29.99 billion during eleven months (July-May) of the ongoing financial year due to massive increase in imports and decline in exports.

The trade deficit, gap between exports and imports, enhanced by 42.12 percent and reached $29.99 billion during July-May period of FY2016-17 from $21.11 billion of the corresponding period of the last year. It was highest ever trade imbalance during eleven months of a financial year.

The latest figures of Pakistan Bureau of Statistics (PBS) showed that imports increased by 20.6 percent to $48.54 billion during July-May period from $40.25 billion of the last year. However, the exports tumbled by 3.13 percent to $18.51 billion in eleven months of the current fiscal year from $19.14 billion of the same period of the previous year.

The eleven-month trade deficit is $10 billion more than the annual trade deficit target of $20.5 billion set by the finance ministry. The country's current account deficit would touch $8.3 billion (2.7 percent of the GDP) during ongoing fiscal year due to the higher trade deficit. The trade deficit is increasing due to ever increase in imports and continuous decline in exports.

The monthly import bill in April alone stood at $5 billion. Pakistan's imports would exceed $50b for the first time in its history during current financial year. "The imports however continued to grow at a much faster rate and grew by a large percentage of 18.7. The surge in imports is mainly due to capital goods (machinery, metals etc.), which would eventually increase the country's industrial capacity and help exports flourish in the coming years," the government stated in latest Economic Survey 2016-17. The increase in machinery group is mainly due to power generation equipment, corresponding CPEC related activity in power and infrastructure development.

Pakistan's exports have been declining for the third consecutive year in a row due to decline in commodity prices coupled with economic slowdown in exports markets. The structural problems like low productivity owing to poor quality of human resource at design and quality of stages, an inward looking protective tariff regime and general lack of competitiveness in the business firms are the major factors in this regard. Exports are hamstrung due to disconnect between domestic competitiveness and international trade competitiveness.

The PBS data showed that Pakistan's exports have declined by 10.95 percent to $1.63 billion in May 2017 from $1.83 billion of May 2016. However, the imports recorded an increase of 27.88 percent and reached $5 billion in May 2017 from $3.982 billion in the same period of the last year. Therefore, the trade deficit was recorded at $3.47 billion in May 2017 as against $2.16 billion of May 2016, showing a growth of 60.79 percent.